

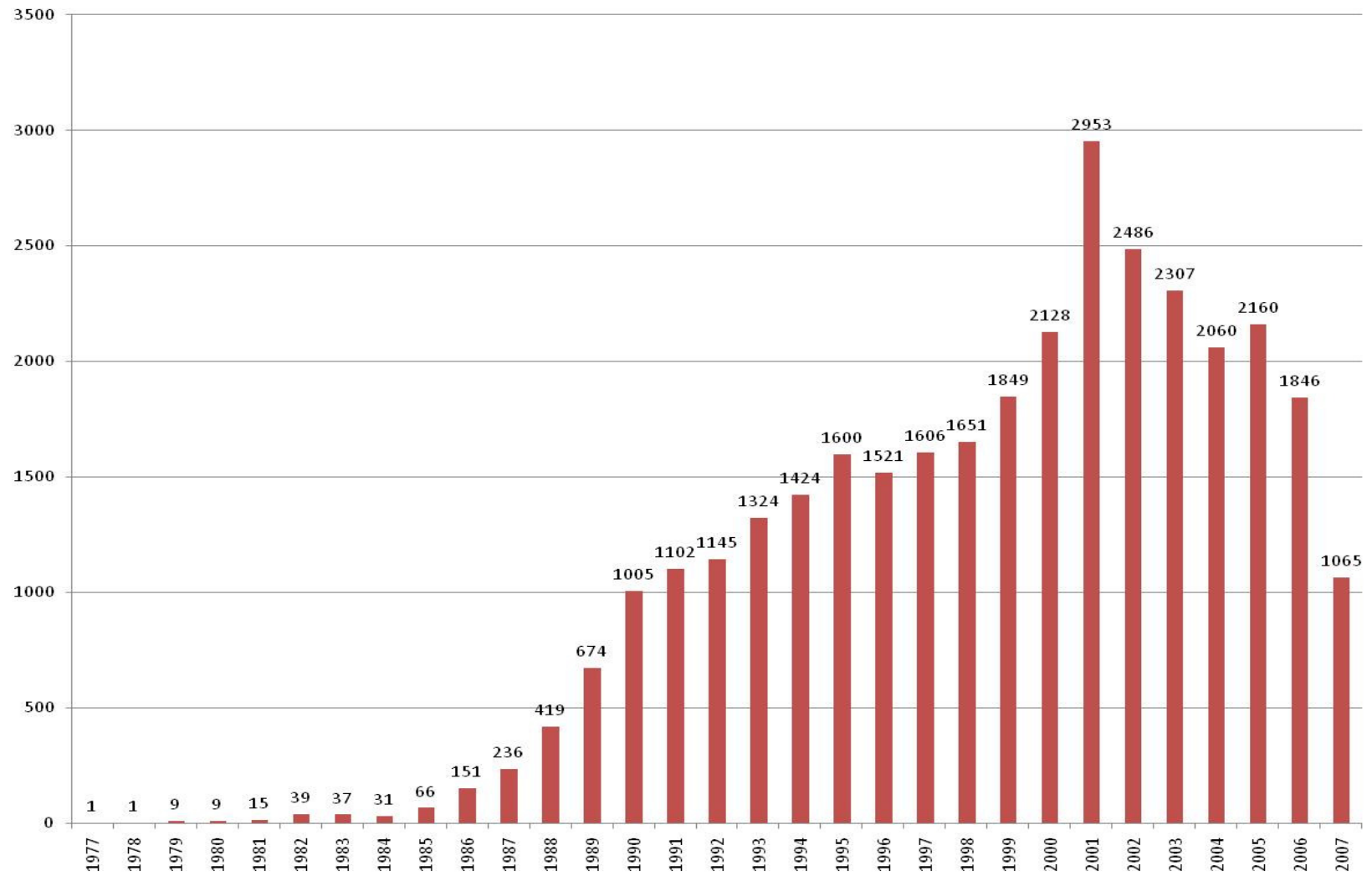
PCF Administrative Expenses & Number of Employees Per Fiscal Year

• 2006/07	\$3,773,000	43
• 2005/06	\$3,304,508	37
• 2003/04	\$2,010,588	36
• 2000/01	\$1,476,257	27
• 1996/97	\$1,118,500	26
• 1995/96	\$1,137,772	24
• 1992/93	\$ 988,671	20

Medical Review Panels

The next slide represents the number of requests for medical review panels received by the PCF during each calendar year shown. As you will note, the numbers steadily increased from 1977 through 2000, then in 2001 there was a spike. This was the result of 750 requests being filed concerning the drug Resulin where adverse results were alleged. The impact of Hurricane Katrina can be seen in the decline in panel requests during 2006 and 2007. There were 197 requests filed as a result of Hurricane Katrina.

Number of Panels Filed Per Year (As of 9/07)



Claims

The PCF currently has a claims staff of 14 adjusters, 2 supervisors and a claims manager. These employees are responsible for the monitoring of the claims while they are handled by the primary insurance company's attorney and working with all parties when a settlement is being proposed. Five of the adjusters are responsible for processing the payments for those plaintiffs found to be in need of ongoing medical care.

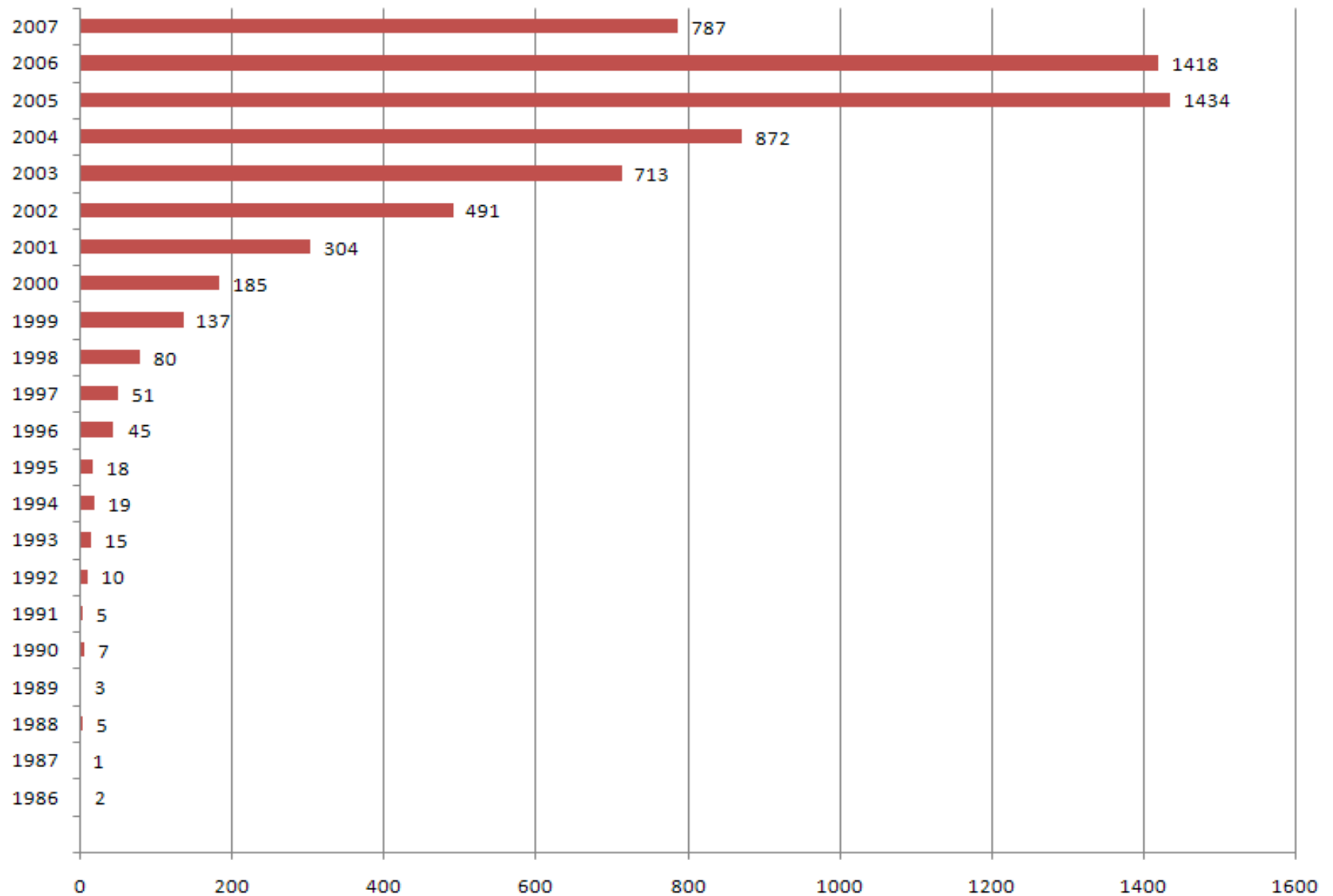
Defense attorneys are only assigned when an adjuster is unable to reach a settlement with the plaintiff or when litigation or discovery through the court is necessary. About $\frac{1}{4}$ of the claims handled by the litigation adjusters have attorneys assigned on behalf of the PCF. This is a savings to the PCF and the providers that pay into the agency. The PCF is not involved in the initial litigation, but only becomes involved if there is a settlement in which additional monies are demanded from the PCF or when a judgment exceeds the primary layer of \$100,000. Thus, until such time as the PCF is put on notice that a claim has potential exposure to impact the PCF layer and sufficient information upon which to estimate that exposure, the PCF does not place a reserve on the claim. As a result of this, only 22% of pending claims have reserves. The true exposure to the PCF is unknown.

OPEN CLAIMS

- As the claims filed started rising, the PCF staff embarked on mission to obtain information from the primary insurers and their attorneys so that inactive claims could be closed in the PCF system. Their efforts are apparent as there has been a dramatic reduction in the number of pending claims as seen below.

• Jan 2002	10,499
• Jan 2003	12,152
• Jan 2004	11,965
• Jan 2005	9,426
• Jan 2006	7,816
• Jan 2007	7,165
• Aug 2007	6,700

Open Claims by Year Filed

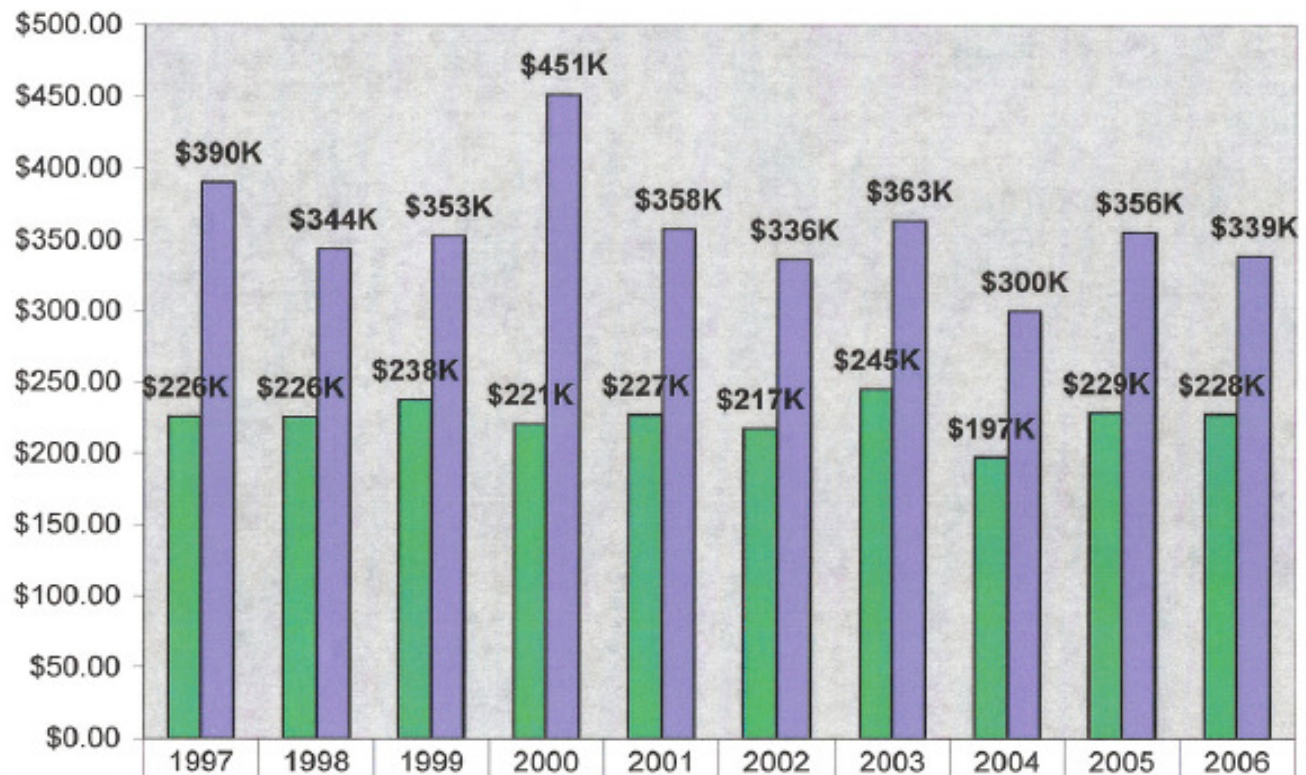


Claim Payments

The total paid to claimants over the years have steadily increased. The following charts show the payments made for the calendar years shown. Most slides show data for a 10 year period. The chart showing average payments reflects payments without medical expenses and then with medical expenses. This shows the impact of the change in the MMA in 1984 which added unlimited medical expenses. Delays by the underlying insurer to resolve claims often results in the PCF paying a substantial amount in interest, since the PCF is not considered a party to the claim until such time as there is a settlement or judgment exceeding the primary layer of \$100,000. The PCF adjusters handle the majority of the claims to conclusion without the need to retain defense attorneys and this results in a savings to the PCF and the health care providers and allows more funds to be available to pay the claimants.

Average Claim Payments

Average Lifetime Settlement / Judgment Payments Per Claim VS Average Lifetime Total Payments (minus legal) Per Claim (Based on Year Settled)



■ Average Settlement / Judgment Payments

■ Average Total Payments

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
\$226K	\$226K	\$238K	\$221K	\$227K	\$217K	\$245K	\$197K	\$229K	\$228K
\$390K	\$344K	\$353K	\$451K	\$358K	\$336K	\$363K	\$300K	\$356K	\$339K

Settlement and Judgment Payments over the Years

Claim Year	Claims Settled	Payments (Minus Legal)
1997	158	\$ 55,805,400.26
1998	153	\$ 66,522,981.25
1999	197	\$ 82,775,520.44
2000	154	\$ 63,743,936.08
2001	145	\$ 64,650,813.12
2002	194	\$ 71,266,221.60
2003	188	\$ 76,750,424.60
2004	194	\$ 66,448,570.36
2005	233	\$ 72,088,376.16
2006	272	\$ 107,120,443.93
Totals	1888	\$ 727,172,687.80

Interest Payments By Year

1997	\$5,089,018.34	\$
1998	\$4,755,393.43	\$
1999	\$5,875,226.41	\$
2000	\$6,514,181.06	\$
2001	\$5,930,218.72	\$
2002	\$5,542,158.49	\$
2003	\$5,871,296.53	\$
2004	\$4,677,333.82	\$
2005	\$6,035,778.24	\$
2006	\$6,745,799.31	\$
2007*	\$1,587,489.05	\$\$\$\$\$

As of 9/13/2007

Legal Payments By Year

1997	\$2,129,035.38	\$\$\$\$\$\$\$\$
1998	\$2,444,842.24	\$\$\$\$\$\$\$\$
1999	\$2,740,873.39	\$\$\$\$\$\$\$\$
2000	\$3,745,668.97	\$\$\$\$\$\$\$\$\$\$\$\$
2001	\$3,557,754.13	\$\$\$\$\$\$\$\$\$\$\$\$
2002	\$3,711,503.20	\$\$\$\$\$\$\$\$\$\$\$\$
2003	\$4,009,066.10	\$\$\$\$\$\$\$\$\$\$\$\$
2004	\$5,357,812.25	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$
2005	\$4,500,985.56	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$
2006	\$4,313,740.44	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$
2007*	\$2,877,278.63	\$\$\$\$\$\$\$\$

Future Medicals

- The Act was amended in 1984 to “uncap” related medical expenses
- Currently the PCF pays ongoing medical expenses on 160 patients in the amount of approximately \$1,000,000 per month.
- Over the years, future medicals have been paid on 229 claims involving physicians and 114 involving hospitals, with a small number paid on various other providers
- Over \$216,555,954 has been paid by the PCF for ongoing medical expenses (paid after settlement & as incurred) since the change in the Act

Year	Future Medical Payments	Past Medical Payments	Total For Year
1997	\$ 7,212,867.28	\$ 3,556,108.77	\$ 10,768,976.05
1998	\$ 11,231,162.19	\$ 5,840,467.29	\$ 17,071,629.48
1999	\$ 9,042,959.89	\$ 13,497,762.72	\$ 22,540,722.61
2000	\$ 11,496,101.14	\$ 7,861,234.36	\$ 19,357,335.50
2001	\$ 10,811,728.11	\$ 6,504,706.36	\$ 17,316,434.47
2002	\$ 11,374,252.63	\$ 7,184,104.87	\$ 18,558,357.50
2003	\$ 11,506,239.16	\$ 6,920,993.57	\$ 18,427,232.73
2004	\$ 10,427,735.06	\$ 9,328,460.04	\$ 19,756,195.10
2005	\$ 12,544,538.57	\$ 7,906,018.69	\$ 20,450,557.26
2006	\$ 12,873,173.23	\$ 16,302,887.51	\$ 29,176,060.74
10 Year Total	\$ 108,520,757.26	\$ 84,902,744.18	\$ 193,423,501.44

The Largest Total Payments by the PCF

- Over \$7 million – 3
 - \$6 million – 4
 - \$4-5 million – 9
 - \$3 million – 6
 - \$2 million – 30
 - \$1 million – 92
 - \$ 400,000 - \$1 million – 626
 - Largest single payment of Past Medical expenses: \$2.5 Million
-
- (these figures include general damages and medical expenses paid to date on individual claims)

COLLECTIONS, PAYMENTS and RATES

The following charts show the amounts collected and paid out over the years, collections and payments by provider groups and number of enrolled providers. The Oversight Board assumed management of the PCF in late 1990. Annual actuary studies were done at that time revealing the need for significant increases in rates. Rate changes from 1989 to present have resulted in huge increases in what private health care providers must pay for coverage.

It should be noted that the number of enrolled providers shown does not include medical support staff, such as nurses or lab & x-ray techs, or individual providers if they are included in a group that is enrolled as a single provider, such as an emergency physician group that has many part-time physicians serving various hospitals across the state, or medical school residents that are enrolled through the medical school.

CALENDAR YEAR	TOTAL SURCHARGES COLLECTED BY PCF	TOTAL PAYMENTS BY PCF
1981	\$ 3,023,399.50	\$ 508,787.68
1982	\$ 2,884,864.67	\$ 2,586,274.02
1983	\$ 4,148,865.43	\$ 3,001,981.95
1984	\$ 5,153,678.86	\$ 7,264,660.22
1985	\$ 12,013,068.41	\$ 9,776,309.69
1986	\$ 15,916,012.28	\$ 10,629,827.06
1987	\$ 18,261,377.15	\$ 18,363,837.59
1988	\$ 20,901,551.49	\$ 14,834,849.78
1989	\$ 24,830,374.49	\$ 20,716,575.41
1990	\$ 26,576,048.67	\$ 28,941,633.95
1991	\$ 30,596,664.64	\$ 32,910,271.25
1992	\$ 38,622,251.88	\$ 36,679,873.14
1993	\$ 46,256,338.17	\$ 49,061,145.87
1994	\$ 51,477,940.22	\$ 40,840,326.95
1995	\$ 55,217,831.50	\$ 44,289,624.39
1996	\$ 56,578,400.40	\$ 61,731,090.91
1997	\$ 65,313,768.52	\$ 57,925,990.96
1998	\$ 71,749,109.12	\$ 68,967,525.00
1999	\$ 71,960,541.93	\$ 81,833,845.68
2000	\$ 84,863,222.09	\$ 67,489,605.05
2001	\$ 94,201,761.05	\$ 68,187,734.86
2002	\$ 105,298,716.37	\$ 74,974,624.31
2003	\$ 124,223,011.32	\$ 80,740,866.01
2004	\$ 137,315,747.05	\$ 71,694,201.73
2005	\$ 135,612,584.94	\$ 76,591,565.38
2006	\$ 141,193,696.19	\$ 111,420,633.93

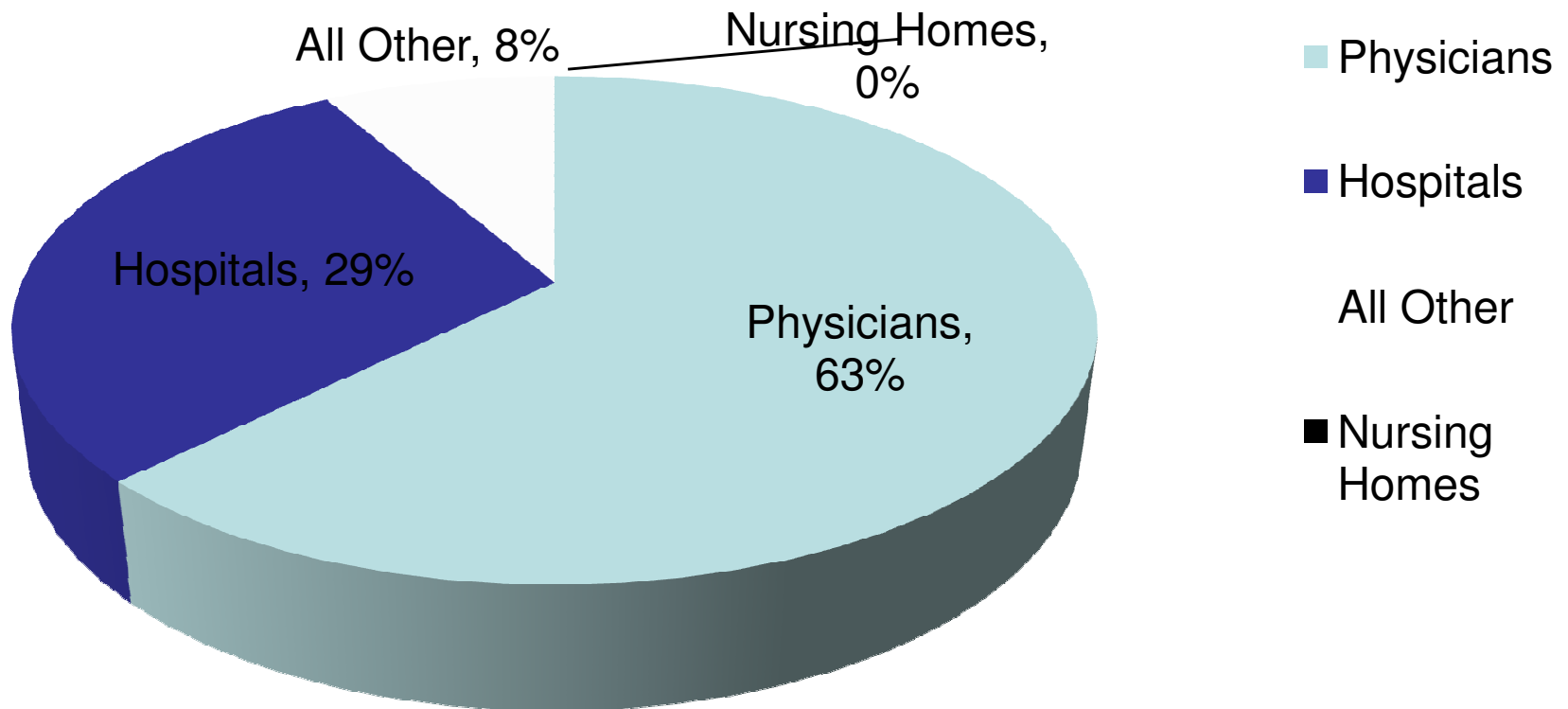
CLAIM PAYMENTS AS OF 1992

Hospitals represent 29.2% of claim payments as of 1992 (\$42.8M/\$146.9M)

Physicians represent 62.6% of claim payments as of 1992 (\$91.9M/\$146.9M)

Nursing Homes represent 0% of claim payments as of 1992 (\$0M/146.9M)

All Others represent 8.3% of claim payments as of 1992 (\$12.1M/146.9M)



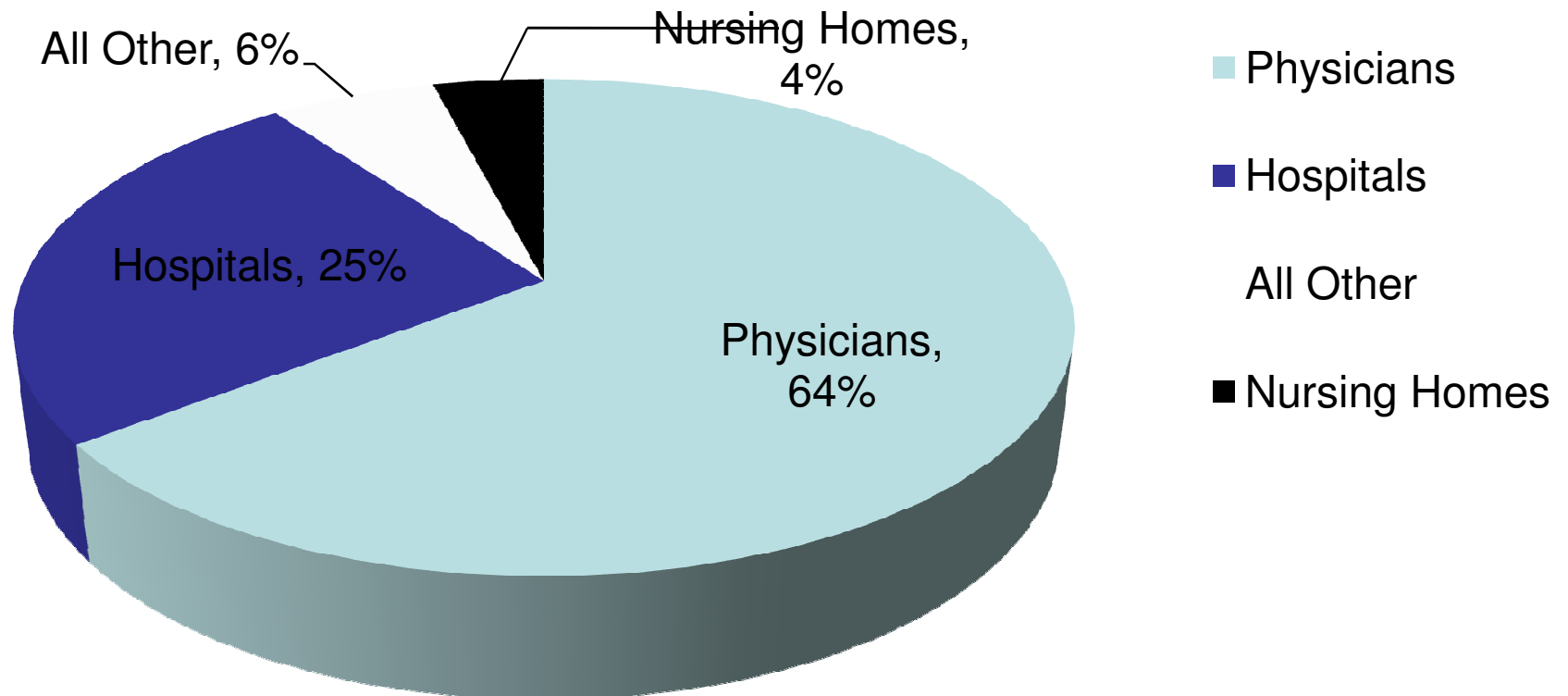
CLAIM PAYMENTS IN 2006

Hospitals represent 25.3% of 2006 claim payments (\$27.0M/\$1.06M)

Physicians represent 64.3% of 2006 claim payments (\$68.6M/\$106.7M)

Nursing Homes represent 4.0% of 2006 claim payments (\$4.3M/106.7M)

All Others represent 6.4% of 2006 claim payments (\$6.8M/106.7M)



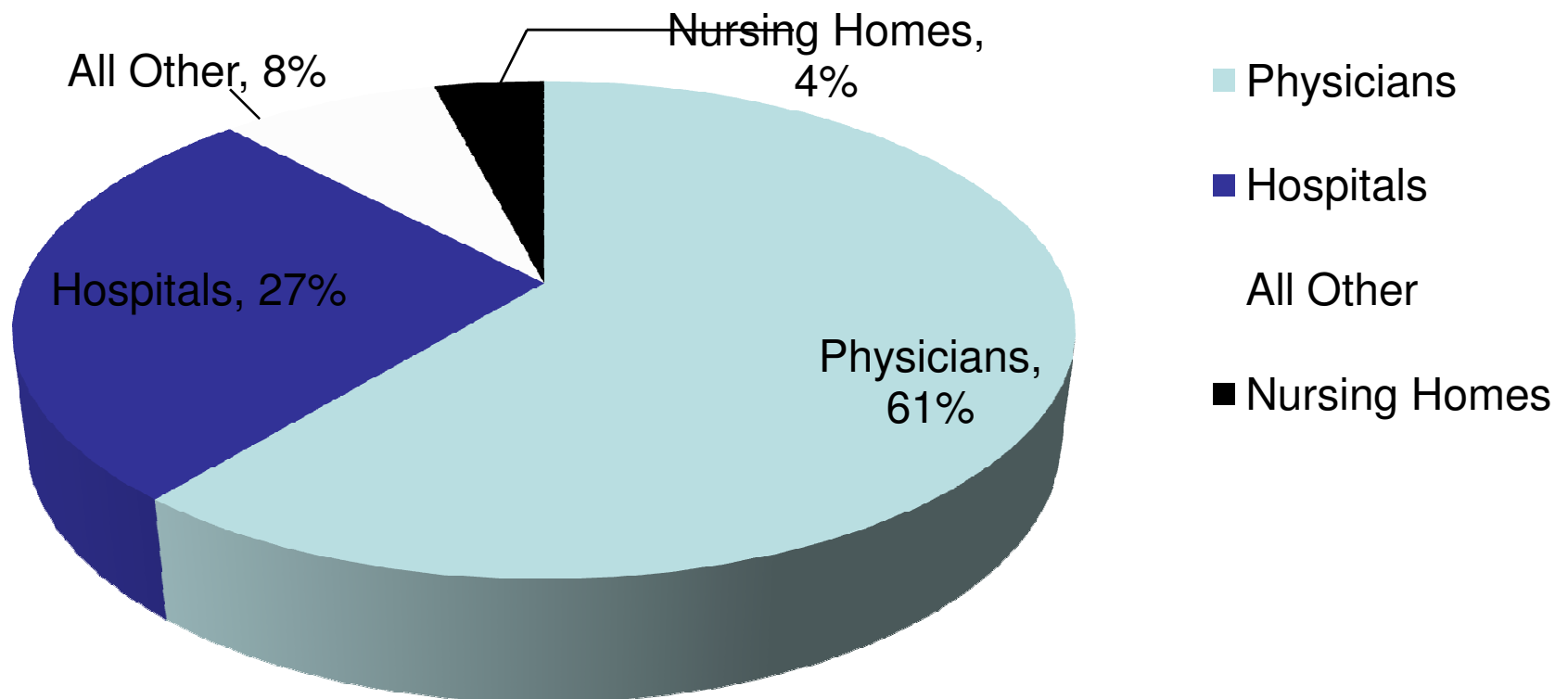
TOTAL RESERVES AS OF 2007 (estimated liabilities*)

Hospitals represent 27.2% of the total (Medical + Future Medical) reserves (\$62.7M/\$230.4M)

Physicians represent 60.8% of the total (Medical + Future Medical) reserves (\$140.1M/\$230.4M)

Nursing Homes represent 3.9% of the total (Medical + Future Medical) reserves (\$9.02M/\$230.4M)

All Others represent 8.0% of the total (Medical + Future Medical) reserves (\$18.5M/\$230.4M)



* Due to lack of information only 22% of pending claims have reserves placed on them.

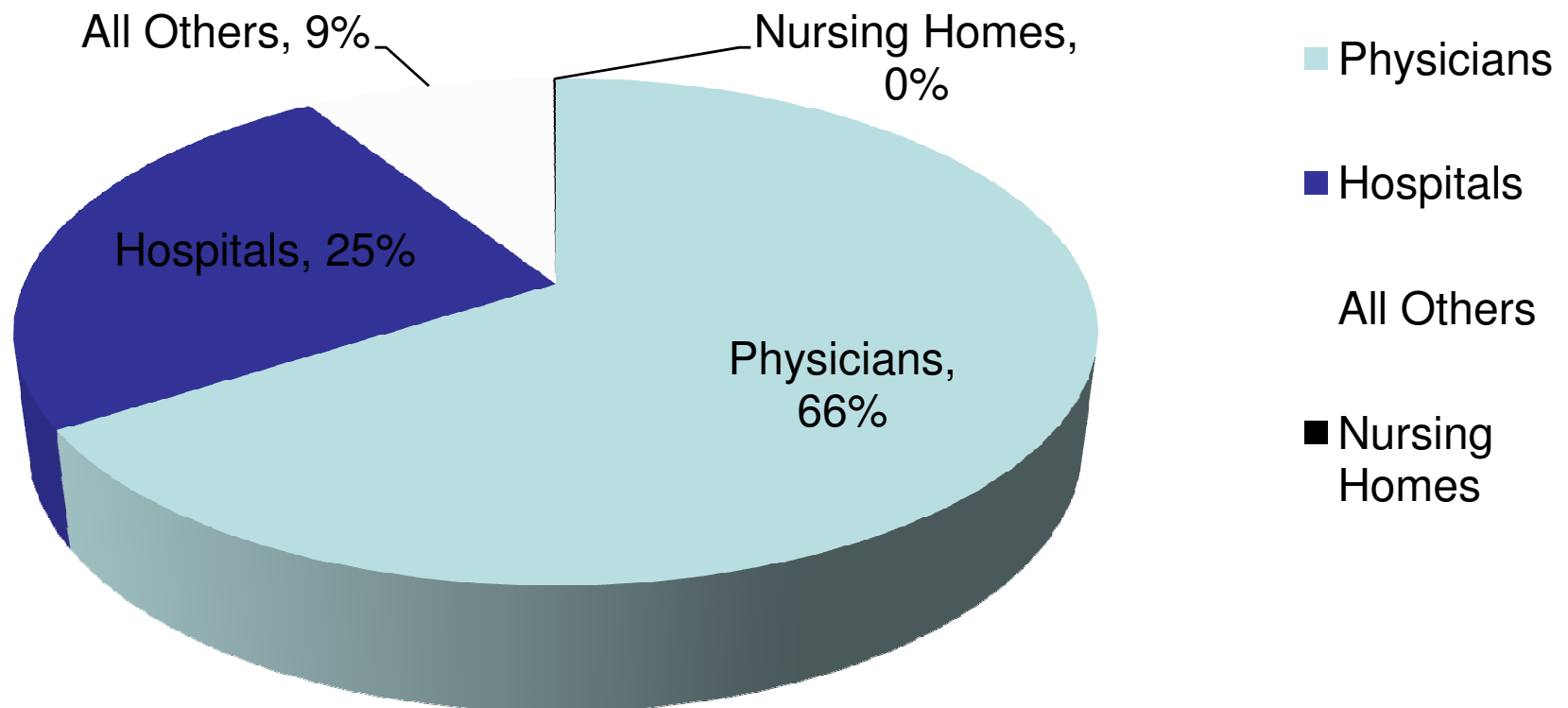
SURCHARGES COLLECTED AS OF 1992

Hospitals represent 25.0% of surcharges collected as of 1992 (\$38.4M/\$153.7M)

Physicians represent 66.0% of surcharges collected as of 1992 (\$101.3M/\$153.7M)

Nursing Homes represent 0.1% of surcharges collected as of 1992 (\$0.1M/153.7M)

All Others represent 8.9% of surcharges collected as of 1992 (\$13.7M/153.7M)



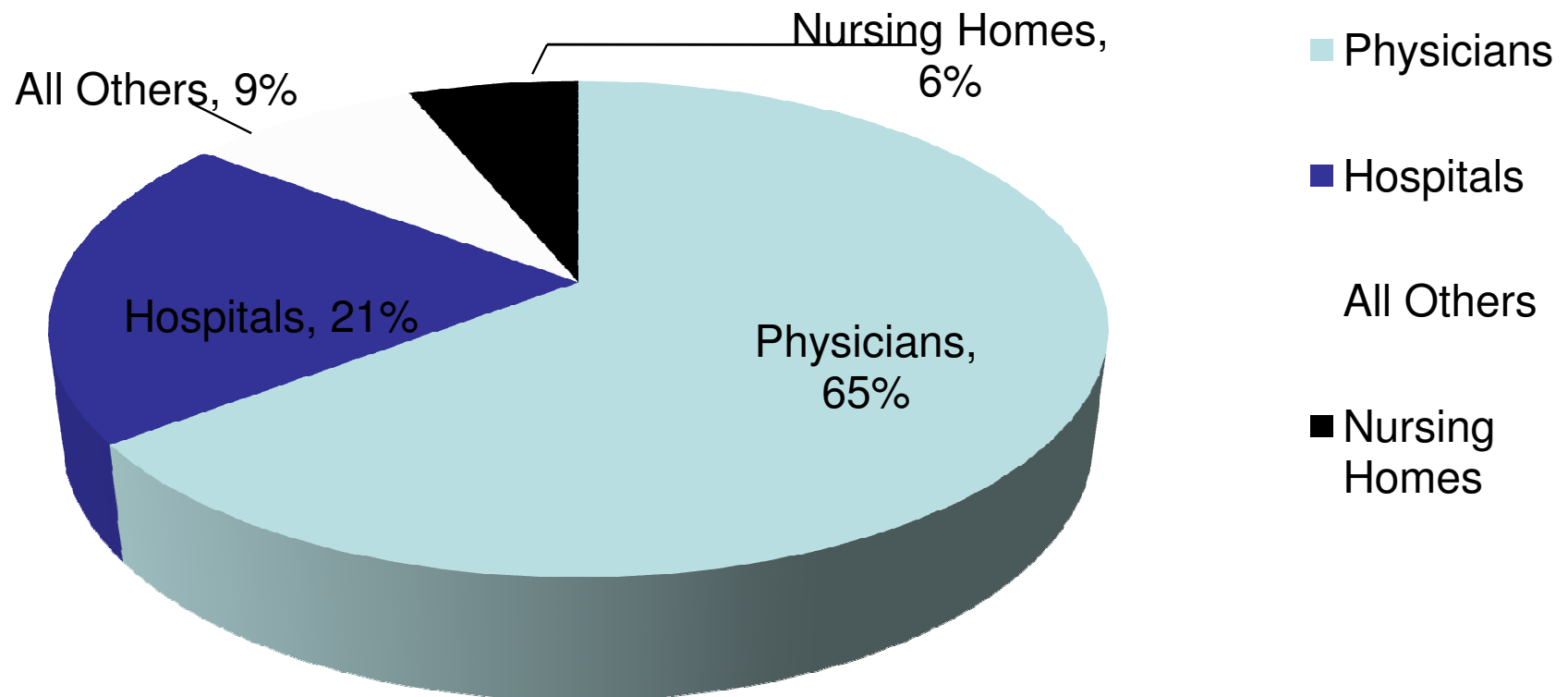
SURCHARGES COLLECTED IN 2006

Hospitals represent 20.5% of surcharges collected in 2006 (\$29.0M/\$141.2M)

Physicians represent 64.7% of surcharges collected in 2006 (\$91.3M/\$141.2M)

Nursing Homes represent 6.2% of surcharges collected in 2006 (\$8.8M/\$141.2M)

All Others represent 8.5% of surcharges collected in 2006 (\$12.0M/\$141.2M)



Enrolled Providers in the Louisiana Patient's Compensation Fund

	Physicians	Hospitals	Nursing Homes	Dentists	RN's*	All Other	Grand Total
1981	2286	67	1	604	36	397	3391
1982	1560	72	1	655	51	493	2832
1983	1812	78	1	766	94	572	3323
1984	2253	86	1	803	155	837	4135
1985	2365	91		994	171	1181	4802
1986	3941	93	2	1142	170	1320	6668
1987	3760	132	5	1469	244	1736	7346
1988	6422	149	5	1669	475	2762	11482
1989	6695	144	4	1641	453	2962	11899
1990	7256	140	6	1673	526	2839	12440
1991	7161	133	11	1658	496	2779	12238
1992	7166	146	21	1671	469	1868	11341
1993	7082	165	13	2017	578	1601	11456
1994	7287	166	15	1716	580	1629	11393
1995	7752	175	20	1688	762	1543	11940
1996	8022	170	15	1707	851	1483	12248
1997	8574	164	15	1739	944	1468	12904
1998	8849	176	41	1705	1018	1385	13174
1999	8743	170	83	1725	1105	1505	13331
2000	8728	188	118	1747	1296	1881	13958
2001	8726	187	241	1711	1458	1942	14265
2002	8798	179	308	1729	1421	2066	14501
2003	8844	227	320	1755	1683	2522	15351
2004	8967	240	316	1779	1807	2912	16021
2005	9201	245	325	1788	1971	2879	16409
2006	9051	219	298	1854	2145	2922	16489

* Advanced practice nurses (CRNAs, Nurse Practitioners, Midwives, Phy and Surg Assistants

These numbers do not include support staff such as RNs, LPNs, Lab and Radiology Techs, etc

RATE INCREASES OVER THE YEARS

• <u>RATES</u>	<u>PHYSICANS</u>	<u>HOSPITALS</u>
• Jan-07	11 %	10.4
• Jan-06	8.6	6.9
• Jan-05	0	0
• Jan-04	9.8	1.6
• Jan-03	19.8	17.0
• Jan-02	8.8	6.3
• Jan-01	6.3	5.1
• Jan-00	17.0	6.4
• Jan-99	7.3	9.9
• Jan-98	6.0	3.5
• Jan-97	17.0	9.0
• July-96	0	0
• July-95	0	0
• July-94	8.1	8.1
• July-93	7.8	23.0
• July-92	21.8 (37.0)*	56.3 (176.6)*
• July-91	17.5 (45.7)*	22.5 (187.7)*
• July-90	10.0	2.5
• Jan-89	10.0	10.0

* Actuary recommendation

Sample Rates Over the Years (for PCF Layer only)

Specialty	1985	1995	2007	1985-2007
Hospital (per bed)	\$ 291	\$ 1505	\$ 2843	+977%
Internist	984	4097	11221	+1140%
Gen.Surg	2154	8966	21637	+1005%
OB/GYN	4387	17133	41349	+943%

Unfunded Liability

The following charts show the estimated PCF liability exposures according to annual actuarial reports compared to the funds on deposit at the Treasurer's office. The difference is the estimated unfunded liability. These amounts are based on calendar year data.

This is a very basic method of computing the estimated unfunded liability and does not take into consideration the formula in the Act used to calculate the minimum surplus level that PCF must maintain. [La R.S.40:1299.44.A.(6)(a)]

Year	Total Liability	PCF Funds	Unfunded Liability
1993	\$250,404,000.0	\$29,000,000.00	\$221,404,000.00
1995	\$423,500,000.0	\$58,000,000.00	\$365,500,000.00
1997	\$407,000,000.0	\$70,000,000.00	\$337,000,000.00
2000	\$357,980,841.0	\$84,880,890.00	\$273,099,951.00
2003	\$606,711,190.0	\$172,413,989.0	\$434,297,201.00
2006	\$806,694,000.0	\$364,752,401.0	\$441,941,599.00

